

Message Text

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43

ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 SPC-03 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 H-03 PA-03 PRS-01 USIA-15 ABF-01

FS-01 DRC-01 /183 W

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R 131343Z SEP 73

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 8617

INFO AMEMBASSY BERN

AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

AMEMBASSY LONDON

LIMITED OFFICIAL USE PRETORIA 3291

E.O. 11652: N/A

TAGS: EFIN, SF

SUBJ: SOUTH AFRICAN GOLD AND FOREIGN EXCHANGE RESERVES

REF: PRETORIA 3157

1. SOUTH AFRICAN RESERVE BANK HOLDINGS FOR WEEKS ENDING
AUGUST 31 AND SEPTEMBER 7 AS FOLLOWS (IN MILLION RAND):

	AUGUST 31	SEPTEMBER 7
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GOLD	DS	575.6 (UP .2)	575.8 (UP .2)
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FOREIGN EXCHANGE	600.9 (DOWN 37.9)	567.9 (DOWN 33.0)
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BASED ESTIMATED AVERAGE WEEKLY PRODUCTION OF R15.5 MILLION,
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INCREASE IN SARB GOLD HOLDINGS REPRESENTED APPROXIMATELY

1.3 PERCENT OF PRODUCTION PER WEEK.

2. DECLINE IN TOTAL RESERVE BANK HOLDINGS OF APPROXIMATELY R118 MILLION SINCE AUGUST 10, 1973, PROMPTED FINANCE MINISTER DIEDERICH'S REMARKS BEFORE NATIONAL PARTY'S TRANSVAAL CONGRESS, SEPTEMBER 11, TO EFFECT THAT DECLINE IN RESERVE POSITION NOTHING TO BE ALARMED ABOUT. DIEDERICH'S ACKNOWLEDGED THAT DECLINING RESERVES HAD CAUSED PUBLIC CONCERN BUT MADE POINT OF ATTEMPTING TO DISPEL ANXIETIES ON THIS SCORE, DESCRIBING THE DECLINE AS TECHNICAL IN NATURE. HE NOTED THE INCREASED VALUE OF THE RAND (VIA THE DOLLAR RATE TO WHICH IT LINKED), AND BRITISH MONETARY RESTRICTIONS. DIEDERICH'S ADDED THAT DESPITE "TEMPORARY" DROP, RESERVES REMAINED HIGH. RAND DAILY MAIL ECONOMICS REPORTER, HOWARD PREECE, ECHOED DIEDERICH'S REMARKS SEPTEMBER 13, AND CLAIMED DECLINING RESERVES ACTUALLY CONFIRMED THAT ECONOMY GROWING. SAID "REDUNDANT EXCESS FOREIGN CURRENCY" BEING EXPORTED FOR "REAL ELEMENTS ECONOMIC GROWTH", E.G. INDUSTRIAL EQUIPMENT.

3. IN TWO-WEEK PERIOD ENDING SEPTEMBER 7, RAND RATE APPRECIATED 1.3 PERCENT AGAINST STERLING BUT DROPPED 1.1 PERCENT AGAINST THE FRENCH FRANC AND 1.7 PERCENT AGAINST THE MARK.

4. COMMENT: IN ADDITION TO RECALCULATION OF RAND VALUES OF VARIOUS CURRENCY HOLDINGS, IMPORTS HAVE BEEN ON UPWARD TREND FOR SOME TIME AND REVERSAL IN RESERVE BUILD-UP HAS BEEN EXPECTED. ALSO, THERE HAS BEEN SWITCHING FROM FOREIGN TO DOMESTIC FINANCING OF TRADE BECAUSE OF COMPARATIVE INTEREST RATES, WITH AMOUNTS OWING ABROAD BEING REDUCED.
SMITH

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Message Attributes

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Disposition Reason:
Disposition Remarks:
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Executive Order: N/A
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